

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

EXECUTIVE ORDER W-114-94

WHEREAS, as part of my Administration's ongoing regulatory reform efforts, the Department of Toxic Substances Control has conducted internal management reviews resulting in a plan for continued improvements in the Department's management systems and, most particularly, in greater efficiencies that will produce reductions in the Department's indirect rates; and

WHEREAS, the need has arisen to examine the level of indirect rates charged in the Department's Site Mitigation Program; and

WHEREAS, the site mitigation fees should not exceed rates necessary to support the efficient and cost effective management of site mitigation efforts throughout the State and to ensure equitable cost recovery of the Department's costs in accordance with State law;

NOW, THEREFORE, I, PETE WILSON, Governor of the State of California, do hereby order that the Secretary for Environmental Protection convene a Task Force on Site Mitigation Oversight Costs:

- a. The Task Force shall be composed of 7 members appointed by the Secretary, with backgrounds in accounting, cost controls, procurement policy, and site mitigation.
- b. Task Force members shall serve at the pleasure of the Secretary, and shall serve without compensation.
- c. The Task Force shall review the Department's cost accounting practices and controls for the Site Mitigation Program, and shall prepare a report by May 1, 1995 addressing the following:
 1. Examine the existing oversight cost policies of the Department.
 2. Survey private industry and other government accounting and billing practices and rates for comparable tasks and determine their applicability to the Department's Site Mitigation Program.
 3. Review other public sector models for their applicability to the Department.
 4. Evaluate cost principles and methodologies of OMB Circular A-87 and recommend those cost allocation methods and policies, or alternatives, that should be applied by the Department in its oversight rate structure.
 5. Based on the foregoing, recommend appropriate methodology for setting oversight rates for adoption by the Department.
- d. The Task Force shall seek public comment on its review and commendations.
- e. The Task Force shall remain in effect until publication of the final report.

IT IS FURTHER ORDERED that the Department shall implement oversight rates in accordance with the following:

- a. The Department's recovery of costs under the Site Mitigation Program shall be in accordance with those elements of Health and Safety Code Section 25206 which the Secretary determines to be appropriate.
- b. The Department shall continue its efforts to identify and implement efficiency measures to reduce both indirect rates and total oversight charges applicable to the Site Mitigation Program.
- c. In accordance with existing practice under the Department's Walk-in program, whenever the department is overseeing any site mitigation activities, the Department shall hold a conference for the identified potentially responsible parties for the purpose of disclosure of the legal requirements to pay for the Department's costs. At the conference, the Department shall provide a list of the personnel labor rates that are applicable to the site and an estimate of the total oversight costs that the Department expects will be assessed for site oversight.
- d. In the event that the Department's indirect rates charged to site mitigation activities exceed its comparable rates negotiated with the federal government, the Department shall submit its proposed rates, including a full description of cost centers upon which the rates are based, to the Task Force for review and comment prior to adoption.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 30th day of December 1994.

Governor of California

ATTEST:

Acting Secretary of State